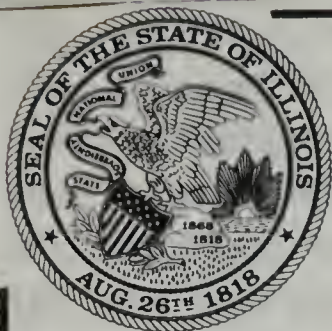


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Illinois Community Colleges

"Opportunity with Excellence"

FUNDING PLAN

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ILLINOIS DOCUMENTS
Published by the

Illinois Community College Board
509 South Sixth Street
Room 400
Springfield, Illinois 62701
(217) 785-0123
September 1987

Printed by Authority of the State of Illinois

BACKGROUND.....

The Illinois Public Community College Act was adopted in 1965 as an outgrowth of the 1964 Master Plan published by the Illinois Board of Higher Education. This legislation, with its subsequent amendments, is the basis for the present system of 50 public community colleges which comprise 39 community college districts.

Community colleges, by design, are responsive to the needs of the unique communities they serve. Having formally been a part of the Illinois higher education system for only 22 years, they currently enroll approximately half of all students attending public and private higher education institutions in Illinois. Community colleges provide opportunities for the traditional college student as well as the displaced homemaker, the unemployed, the senior citizen, the handicapped, and the welfare recipient. Overall, they have helped provide Illinois with a well-trained workforce and have extended their mission by working with the private sector to train workers for new and expanding businesses and industries.

FUNDING PROCESS.....

Illinois public community colleges receive funding from three major sources: local property taxes, student tuition and fees, and state appropriation.

The appropriation process begins with the Illinois Community College Board (ICCB) submitting a fiscal year system operating budget request to the Illinois Board of Higher Education (IBHE). The IBHE evaluates the community college system request while considering the state's total higher education priorities. Legislation requesting state funding for the community college system is introduced in the State Legislature, usually at the level recommended by the IBHE.

Early in the legislative session, the Governor presents a proposed state budget. The IBHE then allocates the Governor's higher education budget among the state's

five higher education systems, if the Governor's budget for higher education differs from its own. It is then the responsibility of the Legislature to appropriate funds at the level it desires and to authorize the distribution mechanism for its appropriations.

The process is completed when the Governor signs the appropriation and spending authorization bills passed by the Legislature. The Governor may amend an appropriation. This usually is done by imposing a line item veto, which the Legislature has an opportunity to override.

FUNDING PLAN SUMMARY.....

The data used for illustrative purposes throughout this pamphlet reflect the funding level supported by the authorization bill (PA 85-0120) for fiscal year 1988. Monies actually appropriated and approved by the Governor were reduced proportionally below these levels. Therefore, only the "DISTRIBUTION BY DISTRICT" table presented on the back panel of this brochure represents the actual fiscal year 1988 appropriation.

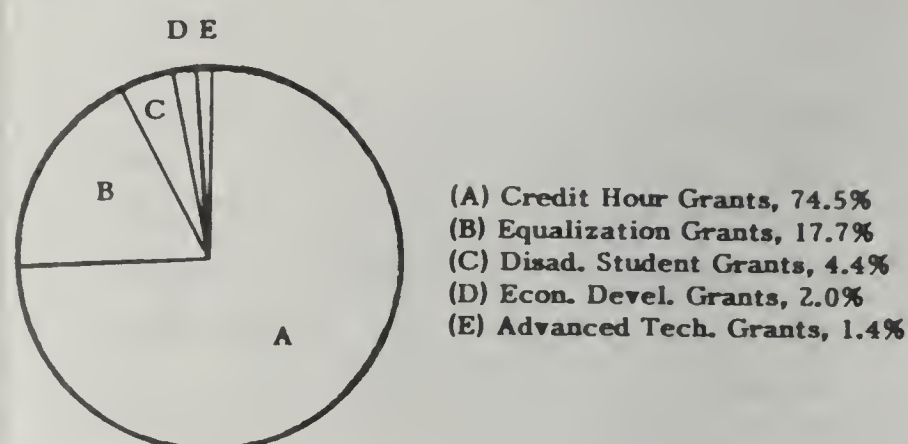
Conceptually, discounting proration, the community college state appropriation should equal an estimate of resource requirements less an estimate of resources available to the community college system as follows:

ESTIMATE OF	
RESOURCES NEEDED	\$589,801,850
- ESTIMATE OF	
RESOURCES AVAILABLE	<u>-387,353,050</u>
APPROPRIATION	\$202,448,800

This appropriation would have been distributed through the following five grant programs at the levels indicated:

1. Credit Hour Grants	\$150,779,900
2. Equalization Grants	\$ 35,918,900
3. Disadvantaged Student Grants	\$ 8,900,000
4. Economic Development Grants	\$ 3,950,000
5. Advanced Technology	
Equipment Grants	\$ 2,900,000

The proportion of each grant to the total appropriation is as follows:



RESOURCE REQUIREMENTS.....

The estimate of funds needed by the system is determined by adjusting the most recent (fiscal year 1986) actual expenditures for anticipated cost increases. The fiscal year 1987 weighted cost increase of 4.78 percent reflects the decision rules implicitly contained in the appropriation bill for the community college system approved by the General Assembly and the Governor. The fiscal year 1988 weighted cost increase of 5.11 percent includes a 5.7 percent salary increase, a 7.0 percent cost increase for library materials, and a 3.0 percent cost increase for all other purchases except utilities, which are projected to increase 4.25 percent. The calculation is as follows:

Average cost to produce	
a credit hour (FY 1986)	\$ 90.69
x Two-year inflation factor	x 1.1013
Estimate of cost to	
produce a credit hour	
in FY 1988	\$ 99.88
x FY 1986 credit hours	x 5,445,570
Estimate of total	
instructional costs	
in FY 1988*	\$543,877,380
Also added is an estimate of:	
Public service costs	
in FY 1988	+ \$ 42,996,415
New funds requested	
for FY 1988	+ 2,928,055
ESTIMATE OF RESOURCES NEEDED	\$589,801,850

* Excludes \$26,152 rounding adjustment.

RESOURCES AVAILABLE.....

The estimate of funds available to the community college system centers on four sources of revenue: local property tax receipts, student tuition and fees, other state grants, and federal and other miscellaneous revenues.

LOCAL PROPERTY TAX RECEIPTS. Local property tax extensions are determined by multiplying the statewide total community college projected equalized assessed valuation by the average tax rate. This amount, less adjustments for collection losses, non-district chargebacks, and equalization, yields estimated local property tax receipts as shown below:

Projected equalized assessed valuation	\$80,506,261,526
x Statewide average tax rate	x .002285
Local tax extensions	\$ 183,956,808
+ Adjustments (collection losses and chargebacks)	+ 533,940
- Equalization grants	- 35,918,900
Estimated local property tax receipts	\$ 148,571,848

STUDENT TUITION AND FEES. Statutorily, community colleges cannot charge tuition and fees that exceed one-third of their per capita cost. Actual tuition and fee rates range from \$13.94 per semester credit hour to \$30.00 per semester credit hour. The tuition and fee standard included in the fiscal year 1988 budget is \$27.16. Tuition/fee revenue is calculated by multiplying the most recent non-adult basic education/adult secondary education (ABE/ASE) enrollments

by a tuition/fee standard as shown below:

FY 1986 credit hours (except ABE/ASE)	4,450,117
x Tuition and fee rate standard per semester credit hour	x 27.16
Estimated student tuition and fee receipts	\$120,865,178

OTHER STATE GRANTS. Community colleges receive additional revenue from a number of other sources. For example, the State Board of Education distributes grants for adult education and vocational education in support of specific instructional programs. It is projected that community colleges will receive \$7.34 million in grants for adult education and \$19.45 million in grants for vocational education programs in fiscal year 1988. In addition, the corporate personal property tax revenues eliminated in 1979 as part of local property taxes have been replaced by revenues from new taxes on corporations, partnerships, and utilities. The revenues generated from these taxes are distributed to community college districts based on personal property tax collections for 1978. Corporate personal property replacement taxes available for operations in fiscal year 1988 are estimated to be \$22.6 million. The estimate of "other state grants" is as follows:

Corporate replacement taxes	\$22,640,000
+ Vocational education grants	19,448,900
+ Adult education grants	<u>7,335,900</u>
Estimated other state grants	\$49,424,800

FEDERAL AND OTHER MISCELLANEOUS GRANTS.

In addition, community college districts receive funds from a variety of other federal, state, and local sources. Given the difficulty of making accurate projections of this revenue, the community college funding plan provides that miscellaneous revenue is projected based on the percentage it represented of all revenue for the most recent historical year. Of the fiscal year 1988 resource requirements, excluding special grants, 11.6 percent is projected to be miscellaneous revenue. For fiscal year 1988, this amount is estimated to be \$68,491,224 as shown below:

Local tax receipts	\$148,571,848
Student tuition and fees	+120,865,178
Other state grants	+ 49,424,800
Federal and other miscellaneous	<u>+ 68,491,224</u>

ESTIMATE OF RESOURCES

AVAILABLE	\$387,353,050
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In summary, the estimated funds needed by the community college system of \$589,801,850 less estimated funds available to the system of \$387,353,050 yields the fiscal year 1988 appropriation (before proration) of \$202,448,800.

GRANTS DISTRIBUTED BY THE ILLINOIS COMMUNITY COLLEGE BOARD.....

CREDIT HOUR GRANTS. Credit hour grants are paid for each of the system's seven instructional categories. The credit hour rate for each instructional category is determined by calculating the unit cost of that category and subtracting the system's other available resources from the projected unit cost in each instructional category. Accordingly, an instructional category which has a high unit cost will be funded at a higher level than a category which has a lower unit cost. The following is an example of fiscal year 1988 credit hour rate calculations:

	<u>Bacc.</u>	<u>Health Occ.</u>	<u>Average</u>
FY 1988			
Projected			
Unit Cost	105.41	155.14	99.88
Less Tuition			
& Fees	27.72	27.72	22.20
Less Standard			
Local Tax			
Contribution	36.56	36.56	36.55
Less SBE			
Grants	-0-	13.26	4.92
Less Other			
Revenues	9.25	13.61	8.76
Plus Special			
Purpose Funding	.82	.82	.78
Less Self Help			
Adjustment	.57	.83	.54
Credit Hour			
Grant Rate	32.13	63.98	27.69

EQUALIZATION GRANTS. Equalization grants attempt to reduce the disparity in local funds available per student among districts. A state average of equalized assessed valuations (EAV) per full-time equivalent

(FTE) student multiplied by a weighted average local tax rate determines an amount of expected local tax revenues per student. Any community college district which is below this amount when applying a standard tax rate to its EAV/FTE student receives additional state funding. Local property tax revenues, corporate personal property replacement tax revenues, fixed costs, and each district's instructional program mix are considered in the equalization calculations.

SPECIAL GRANTS: DISADVANTAGED STUDENT, ECONOMIC DEVELOPMENT, AND ADVANCED TECHNOLOGY EQUIPMENT. Special grants to support programs and services for disadvantaged students, economic development activities, and advanced technology equipment purchases also are included in the community college appropriation. These grants must be held in a restricted account by the college and used only for their specified purposes.

Disadvantaged student grants are provided to support special services for educationally disadvantaged students. Currently, a basic grant of \$20,000 is allocated to each college with remaining funds allocated based on the remedial and adult basic education/adult secondary education (ABE/ASE) credit hour enrollments of each district.

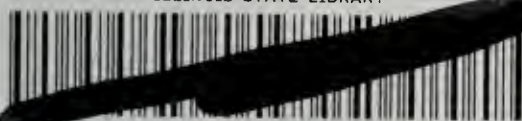
Illinois public community colleges are taking a very active role in the economic development activities of their communities. They are working with community leaders and associations to attract and retain new business and industry. Community colleges are cooperating with business and industry to provide training for new job skills and

to offer tailor-made job training programs. They also are providing such related services as assessment of business/industry training needs, career counseling for the unemployed, and symposia for labor leaders and business/industry managers. The economic development grant which supports these vital services is distributed partially as a grant of \$30,000 per district. Remaining funds are distributed according to occupational credit hour enrollments.

Advanced technology equipment grants have been incorporated into the fiscal year 1988 budget to assist each college in procuring state-of-the-art equipment. Current projections are that by the year 2000, the use of microcomputers will be incorporated into virtually all occupations. This means that community colleges will need to "computerize" all of their curricula, pre-baccalaureate and occupational alike. The amount allocated for advanced technology equipment grants is distributed to all colleges on the basis of occupational credit hours.

From time to time, other special grants have been and will be appropriated for community colleges.

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DISTRIBUTION OF FISCAL YEAR 1988 GRANTS TO COLLEGES*

Dist. No.	District Name	Credit Hour Grants**	Equalization Grants	Disadvantaged Student Grants	Economic Development Grants	Advanced Technology Equipment Grants	Total Grants
501	Kaskaskia	\$ 1729534	\$ 405813	\$ 35807	\$ 58281	\$ 21224	\$ 2250659
502	DuPage	8835411	0	101281	147649	88289	9172630
503	Black Hawk	3542119	800369	200004	84192	40668	4667352
504	Triton	7552042	0	183911	149341	89559	7974853
505	Parkland	3493148	0	64259	78570	36449	3672426
506	Sauk Valley	1386671	152250	43922	52792	17104	1652739
507	Danville	1576495	727647	58125	58074	21068	2441409
508	Chicago	31752736	20150674	5025046	349548	239803	57517807
509	Elgin	2346623	0	88232	64142	25622	2524619
510	Thornton	3313665	801145	135049	71386	31058	4352303
511	Rock Valley	2883112	0	64041	68434	28843	3044430
512	Harper	5915015	0	122012	97380	50565	6184972
513	Illinois Valley	2128519	0	48571	59405	22067	2258562
514	Illinois Central	5097627	302155	82219	97864	50928	5630793
515	Prairie State	2043667	0	50450	60021	22529	2176667
516	Waubensee	1913636	0	77148	55175	18893	2064852
517	Lake Land	2177443	193294	35236	69405	29572	2504950
518	Carl Sandburg	1380984	0	57012	50480	15369	1503845
519	Highland	1263157	341627	52631	44962	11228	1713605
520	Kankakee	1862310	945477	154180	57096	20334	3039397
521	Rend Lake	1568263	595154	45944	57610	20720	2287691
522	Belleville	4573865	658152	95251	104861	56179	5488308
523	Kishwaukee	1412416	486645	61723	51344	16018	2028146
524	Moraine Valley	5506682	449441	101007	92430	46850	6196410
525	Joliet	4401513	0	96250	94994	48775	4641532
526	Lincoln Land	2947472	0	45396	65934	26966	3085768
527	Morton	1275542	0	39171	46711	12541	1373965
528	McHenry	1171543	0	34460	43233	9931	1259167
529	Illinois Eastern	3694727	2555878	156924	88557	43944	6540030
530	Logan	1687583	849098	51975	49171	14387	2652214
531	Shawnee	914558	559713	35979	45162	11378	1566790
532	Lake County	3966377	0	82659	79354	37038	4165428
533	Southeastern	1795624	688501	36333	64743	26073	2611274
534	Spoon River	858779	19984	36190	44268	10707	969928
535	Oakton	3669299	0	150086	72012	31528	3922925
536	Lewis & Clark	2152182	66798	90722	67012	27776	2404490
537	Richland	1200727	0	61466	43467	10106	1315766
539	John Wood	1231333	266383	32318	48935	14210	1593179
DISTRICT TOTALS		\$136222399	\$32016198	\$7932990	\$2933995	\$1346299	\$180451881
Rounding Adjustment		+ 1	+ 2	+ 10	+ 5	+ 1	+ 19
TOTAL		\$136222400	\$32016200	\$7933000	\$2934000	\$1346300	\$180451900

* This table reflects the Governor's reduced appropriations and assumes no legislative action in the fall of 1987 to increase funding levels.

** The effective FY 1988 rates for each credit hour grant funding category are: baccalaureate, \$29.03; business, \$15.95; technical, \$32.16; health, \$57.80; remedial, \$25.34; ABE/ASE, \$12.40; and general studies, \$.90.

8/25/87